

جمهوري اسلامي
افغانستان
وزارت ماليه
رياست عمومي گمرکات



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جمهوريت
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**Islamic Republic of Afghanistan
Ministry of Finance
Afghan Customs Department**

Afghan Customs Department (ACD) A Five Year Strategic Plan (2007-12)

November 2007

Document Authorization

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I. Introduction

Customs reform and modernisation is a sine qua non for economic progress and security of Afghanistan. The reform process will ensure efficiency in collection of revenue and prevention of illicit, dangerous or undeclared goods from entering into the country. With better revenue realisation, the Government will be able to meet its commitments to deliver its multiple objectives (better security, economic growth, democratic polity, pluralistic society and market based economy). Better quality of customs service will improve trade flows.

The basic thrust of reforms will be to develop a customs system that minimises leakage in revenue collection through rationalisation of laws, procedures and automated processes. This system will help facilitate clearance of goods and reduce contact of officers with trade, thereby reducing the scope of corruption. In addition adoption of automated processes and international best practices for international transit of goods through its territories will help make Afghanistan a land bridge of the region.

The reform process will see the strengthening of the enforcement machinery of department that will create deterrence to duty evaders and curb smuggling of goods including narcotics and environmentally hazardous goods. The department will take enforcement action against non-compliance by importers and exporters. By developing a strong intelligence network the department will be able to play a major role in coordination of intelligence with other security agencies.

The approach of the reform is not to confront the trade but to enter into a partnership with them for better voluntary compliance of laws and which will benefit the traders by reducing their transaction costs.

Customs due to its nature of operations has a large body of officers and the organisational issues are very important. The reform process aims at improving the organisation so that it will have the correct structure, logical definition of roles, fair recruitment system, service conditions, Accountability, conduct and disciplinary rules, training support and a built-in mechanism for promotion of ethics in the staff.

Afghan Customs Department, like all other Customs Administrations is in the process of delivering on its core activities as mentioned above. However, ACD may carry out other essential activities such as protection of consumers, interdiction of dangerous goods, collaboration to fiscal audits and collection of other taxes at source.

Customs operations are spread over a large geographical area and many customs offices. There is a shortage of office buildings working space and equipment. The plan seeks to meet these requirements and their creation at an early date.

The Afghan Customs Department has been entrusted with the additional responsibility of creating and operating Customs Infrastructure facilities, though such activity is not within the core competence of any customs organisation. In view of the existing poor facilities, creation of physical infrastructure of terminal buildings and cargo handling equipment assumes urgency in the interest of trade facilitation. The reform programme addresses the need for such infrastructural development and suggests an autonomous body with

necessary technical skills to assume the civil works procurement and management of these facilities.

II. Vision, Mission, Values of the Afghanistan Customs Department (ACD) and its' Overall Goals in Next Five Years

Vision

The Vision of ACD is to evolve it as a modern, credible, efficient, effective and dynamic customs organization, committed to the highest standards of integrity, honesty and professionalism with the capacity and responsibility to deliver Customs revenue and effective enforcement.

Mission

In order to realize our vision, our mission must be to strive for partnership with the trading community, world class standards, excellence in efficiency, professionalism and service, fairness and uniformity through harmonized procedures, to promote trade and investment, strengthen the economy, protect the health and well-being of the Afghan people and to ensure all goods & persons entering and exiting Afghanistan do so in full compliance with Afghanistan Laws and Regulations.

Values

If we are to abide and uphold our Vision and Mission then we must apply the key values listed below:

- Integrity
- Credibility
- Professionalism & Responsibility.
- Accountability.
- Transparency.
- Efficiency and effectiveness

- Facilitation
- Discipline

Overall goals for the plan period

The overall goals of ACD are to collect revenue for the Government with utmost efficiency so as to meet revenue targets laid by the Government, Implement new Customs system and facilitate trade both by faster clearance of goods and by providing state-of-art facilities.

The ACD aims at creating strong enforcement machinery against non-compliant traders to curb evasion of customs duty and prevent smuggling of goods.

The above aims are proposed to be met by establishing a healthy Customs-Business partnership for increasing voluntary compliance and reducing transaction costs of traders.

The ACD will strengthen Inter-departmental coordination in the field of enforcement of different laws as well as for economic governance.

III. Current situation analysis - Strength, Weakness, Opportunities, Threats (SWOT)

Strengths

In the past four years the following milestones have been crossed with donor assistance:

- A Modern Customs legislation enacted to give legal basis to customs operations.
- Harmonized System for the Classification and Coding of goods, used by nearly all trading nations, adopted;
- One single Customs form for Customs declaration (Afghan Single Administrative Document- SAD).
- Automated System for Customs Data (ASYCUDA), developed by UNCTAD, introduced Declaration Processing system at Kabul Customs on pilot basis for computerisation of customs assessment and processing.
- Computerisation of transit procedure with ASYCUDA at Toorkham-Jalalabad-Kabul, Islam Qala-Herat and Heyratan-Mazar corridors. The use of ASYCUDA at these stations has resulted in almost 100% compliance by transiting vehicles
- Import-related exemptions policy, practices and procedures were formed and adopted.
- Automated data collection and production of customs statistics introduced in major customs offices (EuroTrace);
- Customs brokers program introduced;
- Procedures and tariff for travellers simplified;
- Plethora of custom declaration systems have been simplified but further modernisation is needed
- Acquisition of IT related equipment, power supply (generators), uniforms, vehicles and telecommunications equipment, security equipment and similar supporting goods ;
- International best practices being applied in Customs valuation of goods.
- Afghanistan was accepted as a full member in the World Customs Organization.
- Applicability of a single exchange rate nationwide as determined by Afghanistan Central Bank.
- Presence of Customs staff at all International borders.
- Construction of Infrastructure facilities in Major Customs Stations.

Weaknesses

- The condition of customs offices in many places, and equipment/stationery etc. available in nearly all of them, is highly unsatisfactory as many offices are mud built lacking electricity and water.
- The physical infrastructure available in most customs terminals and warehouses is highly inadequate with little civil works and no cargo handling and security equipment for purpose of providing service to trade. The cargo handling and warehouse operations are being supervised by customs though such works are not within the core competence of customs officers.
- Introduction of automated processes through adoption of ASYCUDA modules in any customs office will need sustained efforts at retraining the custom officials to work with automated processes.
- Customs legislation needs to be developed in conformity with the working conditions in Afghanistan, especially for the purpose of automation, fines, penalty, appeal, enforcement, Regional Opportunity Zones.
- Customs need to create capability to generate analysis reports on the basis of data available in customs offices, to assist the Government in formulation of its Customs tariff policy and to make development plans.
- Departments other than Customs (Ministry of Interior, Ministry of Commerce and Industry, Ministry of Health etc) interfere with clearance of imported/exported goods or goods in transit resulting in severe harassment to trade, increased costs and delay in clearances.
- ACD does not have a strong control over staff operating in provincial customs offices, as local authorities have unduly been interfering in Customs operations.
- Enforcement machinery is not adequately equipped to meet the challenge of smuggling and evasion of duty. The weak areas of enforcement regime are lack of enabling laws, man power deployment, availability of equipment, and training.
- There is a serious under capacity among customs staff (selection is not on basis of written competitive examinations and officers lack training), for meeting the plan objectives. The PRR system has shown its limitations and does not address properly the Customs Human resource concerns.
- There is no scheme for giving rewards or other incentives to recognise and encourage good performance nor are their any administrative powers with ACD to discipline misconduct or suppress delinquent behaviour.

- There is no Customs audit machinery within ACD. Customs need to acquire capability of inspection and audit, develop necessary procedures and ensure their harmonised application in different custom offices.
- There is no risk management policy and practices in Customs operations. Such practices have been introduced in most of the countries after the incident of Sep 11, 2001.

Opportunities

- Customs is recognised as a major source of revenue and the collection has grown over the last four years, from AF 4.5 billion in 1382 to AF 9.2 billion in 1384 and AF 15.4 billion in 1385. The department is instrumental in collecting other duties/taxes as well and its net contribution to Government coffers is nearly 54.5% of all Government revenues. Bringing greater efficiency in the system is presently the most certain way for the Government to augment revenue.
- The achievements of ACD in the past four years are considerable. Based on empirical evidence collected by donors one can conclude that assistance in the projects of ACD will bring high dividends to the Government system and to the economy as a whole.
- Customs regulations can be consistently applied across the country. Commitment to achieve an average time for import and exports of goods in line with the best practices in the region.
- Customs Clearance & Transit Times for Importing and Exporting goods can be brought down in line with International Best Practices/Standards.
- Customs systems can be modernised to provide international transit facilities to make the country a land bridge for the region.
- There is a strong commitment of the senior Management of Ministry of Finance as well as Afghan Customs Department to the Reforms program of ACD.

Threats

- Refusal of local authorities in letting customs function under the sole control of ACD will regress the functioning of the department.
- Interference of other ministries in customs clearance process including transit operations leads to delays and harassment to traders.
- Deterioration in security conditions in the provinces and more particularly the borders will severely affect customs operations.
- Budgetary shortages leading to poor financing of the operational expenses of the ACD and inability to pay adequate compensation to customs staff can undermine customs reform and modernisation efforts.

- Delays in recruitment and formation of a permanent customs cadre, with service and disciplinary rules, will impede the progress of reforms and hamper the emergence of ACD as a professional body capable of delivering high quality customs service.
- Withdrawal of donor funding for infrastructure development and appropriate equipment will severely retard growth of Customs and cargo handling/storage services in the country.

IV. Reform Program Objectives

The draft strategy plan of the Afghanistan National Development Strategy for the Ministry of Finance has framed several objectives and the ones that are relevant for the ACD are (a) Augmenting revenue by collecting it in a fair manner (b) Facilitating legitimate economic activities of the private sector and individuals (c) Promoting good governance (d) Making information available and sharing it transparently (e) Staffing the organisation with professionals with high standards of integrity.

The reform programme has been devised taking into consideration the broad strategy of the Government and the specific strengths and weaknesses of the ACD. The programme lays down objectives which represent the strategic position that the ACD wants to attain within the plan period.

Within the five year period, the Ministry of Finance will have the following plan objectives:

Technical advancement for Augmenting revenue mobilisation in a fair manner:-

- In order to collect customs duty efficiently and to meet the long term fiscal targets fixed by the Ministry of Finance, all fair and transparent managerial steps will be adopted.
- Automate all customs business processes so as to facilitate customs clearance within risk management parameters developed on a market segmentation approach
- Automate processes to develop a reporting system on revenue and trade data.
- Develop capacity to analyse data so as to monitor revenue collection, modify rates of duty so as to balance the need of the Government to raise funds with the need to facilitate trade.
- Fair and transparent mechanisms for settlement of disputes will be created and the capacity to work the judicial system internalised by the ACD
- Key performance indicators (K.P.I.s) and milestones will be established to ensure that the Strategic Plan is implemented effectively.
- A central audit and inspection program is established that is based upon risk assessment and ensures efficient realisation of duties and harmonisation of customs practices in different customs offices.

Facilitating legitimate economic activities of the private sector and individuals: -

- Establish customs facility for international transit of goods, and to streamline procedures for warehousing
- Develop necessary legal and executive instruments to enable the setting up of Regional Opportunity Zones and other such inward processing facilities.
- Ensuring resources are available and adequate for efficient Customs Clearance.
- Protect legitimate traders from unfair competition from violators.

Governance; Strengthening Enforcement and compliance to laws: -

- A comprehensive review of the legal framework, customs instructions and standard operating procedures will be undertaken and suitable amendments made with a view to enhance the capability of ACD to strengthen enforcement machinery
- Laws relating to enforcement provisions will be reviewed in order to enable enforcement machinery to perform better.
- Reward/ incentive scheme introduced for encouraging good performers in all fields of customs operations – enforcement and others.
- Make certain that enforcement units are fully equipped and trained.
- Build Capacity to include enforcement regime in ACD and to exercise the practices of a modern law enforcement agency.
- A more extended litigation unit.

Customs – Business Partnership for disseminating information and promoting trade: -

- Partnership formed with trade to spread awareness of laws and procedures and encourage the maximum level of voluntary compliance to laws.
- Accelerated clearance procedures established for accredited clients and to provide them with highest levels of service and to publicly acknowledge them

Inter-department coordination for better governance: -

- Inputs provided to government for better tax policy formulation, trade policy and development plans
- Intelligence coordination mechanism with other departments and Ministries established for suppression of narcotics trade, violation of intellectual property rights, and other crimes against society

Promoting professionalism and integrity in Customs staff: -

- Constitute Customs as an autonomous authority with capability to recruit staff, regulate their service conditions, maintain disciplinary control, and supervise customs operation of all Customs offices without interference from local authorities and other departments.
- Capacity building programs that were prepared by consultants in the past will be employed for training staff of different categories.
- ACD will have trained work force having competencies in customs laws and procedures
- Promote ethics and integrity best practices into an organizational priority.
- Make ACD a desirable life time career for honest and educated persons by introducing good working conditions and a living sustainable wage. Build Customs Infrastructure for all Customs employees.

Physical infrastructure: -

- Major building infrastructure and equipment in the headquarters and provinces will be raised or restored to enable proper functioning of ACD. Asses the cost of nationwide infrastructure & equipments needs for ACD.
- Inland Clearance Terminals, Warehouses and other facilities needed to facilitate trade built
- Constitute an autonomous body for customs clearance in terminals at inland areas or border posts under the Ministry of Finance that will be charged with responsibility of raising cargo storage and handing centres and operate terminal warehousing services.

V. The Reform Program Overview

There are five foundation pillars to the reform program which are planned for implementation over the next five years:

1. Customs reform – law and procedures aimed at bringing efficiency in revenue collection and facilitating trade.
 - (a) Automation
 - (b) Legislation and procedures
 - (c) Appeals and litigation (Dispute resolution)
 - (d) Transit corridors improvement.
 - (e) Warehousing
2. Enforcement and voluntary compliance ensuring revenue growth, trade facilitation and protecting society
 - a) Risk Management
 - b) Detecting offences
 - c) Anti smuggling
 - d) Border Operations
3. Organisation change inducing professionalism and promoting ethics
 - (a) Placement of customs
 - (b) HR policies
 - (c) Salaries
 - (d) Incentive bonus rewards
 - (e) Integrity.
 - (f) Trainings
 - (g) HR funding

4. Inter-department coordination and business partnership for better governance and trade facilitation
5. Infrastructure and equipment
6. Reform Management: A Reform Management Working Group that is chaired by the Deputy Minister (Revenue and Customs) and supported by a small secretariat is required to oversight the reform program and monitor progress.

VI. Project Components of Reform Programme

Part 1: - Customs Reform - Law and Procedures

Part I deals with projects that will aim at creating customs assessment and procedures at par with international standards. The process will make the organisation more efficient in collection of revenues and facilitate trade. This will involve review of the present laws and procedures to induce efficiency in revenue collection, to make them facilitative and to reduce the possibility of corruption.

1.1 AUTOMATION: Automation is the base for customs reforms and trade facilitation. It does not only speed up processing of customs documentation but it also reduces physical interaction between officers and trade. As a result, the department is able to perform better assessment and trade is facilitated by faster clearance without harassment. However, modern automated customs business practices are very different from manual processes and the transition from manual to automated processes always poses a major challenge to organisations.

1.1.1 The Automated System for Customs Data (ASYCUDA), software designed by UNCTAD for automation of customs processes, has been introduced in the ACD. Initially, the declaration processing system and transit processing system was introduced at the major customhouses with the support of a team from UNCTAD. This has already resulted in enhanced revenue collection and compliance. In the coming five years, the rollout of all modules of ASYCUDA is planned at all ACD customs stations coupled with the implementation of all its modules. The success of the automation in future will not only depend upon donors' commitment to the automation projects, but to success in business process reengineering of Customs operations, and appropriate legislative changes for introduction of automation.

Currently, the EUROTRACE statistical and data collection application is being used just for data collection purposes. Customs clearance documents have not been entered to computers for vehicles in the past years, this is being done in Eurotrace. The process for the computerization of declarations manually processed with EUROTRACE system will be continuing till ASYCUDA's modules generate similar reports from the data

warehouse. When this happens , EUOTRACE will then be refocused on more nationwide and expended statistical activities.

Components	Period of implementation	Source	Requirements & Methodology
Implementation of transit and declaration processing Modules at all major stations	2 years. (Sept 2009)	Donors and ACD national ASYUDA team.	1).Necessary Infrastructure. 2). Training ACD employees. 3). Required equipments. 4). Well defined automated processing Customs procedures. 5). Risk Management system
Full implementation of all ASYCUDA modules	4 years. (Sept 2011)	Donors and ACD National ASYCUDA team.	1). Necessary Infrastructure. 2). Training ACD employees. 3). Required equipments. 4). Well defined automated processing Customs procedures. 5). Necessary changes in Customs law. 6). Risk Management System
Training for operations	On going	Customs Training Institute & National ASYCUDA team.	1). Training of ACD core employees. 2). Training of IT staff. 3). IT training of ACD Headquarters employees.
MIS and other revenue reporting system of ASYCUDA.	2 years. (Sept 2009)	National team ASYCUDA, TRU and Treasury department of MOF.	1). Consolidated Revenue reporting procedure. 2). Automated revenue reporting to ACD, Treasury and Revenue department. 3). MIS reporting system of ASYCUDA to be developed. (Linked with regional Customs and HQ).
Full internalization	On going.	National ASYCUDA team, HR directorate of ACD, Regional Customs.	1). Training of ACD core staff. 2). Recruitment of local staff for IT software and hardware handling in ACD. 3). Knowledge transfer plan with time lines.
Equipment	Ongoing for next 5 years	Donors and ACD	1) Computers, scanners, servers and back up generators. 2). Connectivity & Communication equipments.
Cross border exchange of data.	2 years	Donors, ACD and Regional	1). Electronic Data Interchange and connectivity with regional

		Customs Administrations.	Customs systems. 2). Access and connectivity with Transit Modules of regional customs Administrations.
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1.1.2. Other ICT developments

Components	Period of implementation	Source	Requirements & Methodology.
ACD's ICT master plan	2 years	ACD, National ASYCUDA team and Administration directorate of ACD.	1) Introduction of Computerisation in administrative operations and correspondence at ACD HQ and regional Customs

1.2. Legislation – The customs legislation was introduced for the first time in 1384. The draft ANDS strategy paper for Ministry of Finance circulated in 1385 observed that there are deficiencies in the law which will need to be removed after a thorough review. In the customs plan for the next five years the entire legislation will need to be reviewed and the effectiveness of the legislation in meeting the overall goals set in this strategy plan need to be assessed. The process will involve assessment of the manner in which the legislation is being complied with in the different custom houses of ACD and the problems in the working of the law. Thereafter a review of the legislation and procedure will be made in order to meet the customs performance targets and need for trade facilitation. The framework of WCO instruments could be used for that purpose. The project will need a legal and procedures team, with specific and relevant customs background to make these changes effectively.

1.2.1 Amendments in law needed to make customs more facilitative and for improving control over delinquent trade

Components	Period of implementation	Source	Methodology
Legislative Reforms	2 years	National and International Advisors and Legislation Directorate ACD	1). Identify functional themes and align legislation. 2). Align Legislation to Revised Kyoto and International Best Practices. 3). Align legislation with the emerging operating requirements of ACD.

			4). Align legislation to Automation.
Finalize sub-legislation	1 year	Same	1). Re visit and improve the approved procedures. 2). Design procedures for improved enforcement, transit, warehousing, exemption regimes and examinations.
Procedures for Automation.	1.5 year	Same as above plus National ASYCUDA team.	1). Improvise all Customs operation to complement Automated customs operations. 2). Necessary procedures for automated operations.

1.2.2 Institutional Support Units

The Macro Fiscal Framework of ANDS recognises that the lack of statistical data remains a major problem for the preparation of macroeconomic projections. Data of customs revenue and trade statistics received are useful not only for macro economic studies but more specifically for monitoring closely customs duty realisation and providing the Government necessary inputs for taking suitable legislative and administrative initiatives. After the Afghan Tariff (which follows the HSN) was introduced, the duty is also being collected with reference to Tariff headings. However, the department has not gained expertise to analyse data or be able to advise government on the appropriate slabs of duty for different commodities. Considering the fact that the government is committed to a dynamic growth in revenue mobilisation, it is necessary for it to get inputs from customs offices and closely monitor revenue collections, identify areas where there is revenue leakage either due to faulty tariff structuring or due to assessment practices. Moreover the department must have capability to advice the government on suitable rates of customs duty on goods in consideration of their revenue bearing potential. This tariff research capability will need to combine understanding of customs assessment practices and ability for basic economic and statistical analysis. The newly created Tariff research Unit will accomplish this task.

This unit will also be responsible to conduct on behalf of ACD any tariff negotiations that take place on international level either in WTO or with individual countries or regional groups. The unit will provide input to Government and correspond with other ministries for the purpose of formulating the customs tariff policy and other economic developmental plans of the government.

The establishment of the ACD International Affairs unit will give capacity to ACD to participate in the international dialogue on development of customs procedures in WCO WTO Regional groups and make use of their capacity building programmes. The unit

will also provide input to Government on customs issues in all negotiations within international organisations or with other nations.

CURE UNIT (Customs Reforms Unit):

For effective reforms CURE has done a considerable work. Based on the past three years contribution of CURE in implementing, managing and coordinating the reforms activity it was decided to further strengthen this unit of ACD. The Strategic Focus of CURE will be Strategic planning, performance measurement, Monitoring all reforms activity, coordinating reforms, Implementation and providing support and advice to the Deputy Minister and Director General of ACD on reforms.

Components	Period of implementation	Source	Requirements	Remarks
Tariff research unit	On going	International Customs advisor & ACD Human resource.	1) Data Management experts. 2) Statisticians 3) IT backup. ASYCUDA+ TRU +Institutional Support. 4).Revenue reporting & Reconciliation Mechanism	This unit will monitor trends in revenue collection and suggest policy measures for rationalization of rates of duty, tariff nomenclature etc The unit will provide reports for Tariff research and Tariff rate review and use of other ministries
International Affairs Unit	March 2008	ACD recruited and trained staff.	1) Human resource well trained and qualified in International Customs and trade agreements.	1) Coordination on SAARC, WTO, WCO, ECO, Regional Transit, RILO issues. 2) Coordination and support in transport and preferential trade agreements and TIR. 3) International trainings

CURE Unit	Ongoing	One International Advisor and 2 Local Customs experts	1) Customs reforms experts.	Strategic planning of all reforms, Policy, Performance measurement, Implementation and coordination of all reforms
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1.3 Procedural Reforms

1.3.1 Audit

The department has not evolved audit machinery to identify wrong assessment practices that lead to loss in revenue. There is a need to constitute teams to inspect assessment practices especially in relation to classification of goods and their valuation and to make the inspection reports available to senior officers like DG. This method will ensure harmonisation of customs assessment practices and plugging of leakage in revenue. Audit inspection teams will be trained to work independently in distant provincial customs offices. An internal audit manual will also need to be prepared. It will have to be tested and seen if the trade is ready to permit post clearance audit in their offices and factories, which will considerably strengthen control and harmonise customs practices. The Post release Audit is an essential pillar of all Customs organizations specifically, those using automated systems of clearance.

Components	Period of implementation	Source	Requirements & Methodology
Establishment of post release audit and post clearance audit.	Dec 2008	ACD Resource external Post Clearance Audit expert Human and Customs	1) Training of ACD staff in post clearance audit techniques. 2) Organizational setup. 3) Legislation and approved procedures as per international best practices and regional experiences. 4) Audit plans.
Reforms and reorganization of Internal Audit Directorate.	Dec 2008	Same	1) Training of ACD staff in Internal audit techniques. 2) Organizational setup. 3) Legislation and approved procedures as per international best practices and regional experiences. 4). Audit plans.

5). Coordination with Auditor General Office.

1.3.2 Valuation

Customs valuation of goods is the first step to assessment of goods but it is meant to be a revenue neutral exercise for the Government. However under-valuation of goods constitutes the greatest threat to revenue. Customs administrations leads by WCO have evolved various techniques for checking under valuation and several attempts are being made at international cooperation for checking under invoicing. Programme for mobilising revenue must focus on developing valuation methods and training officers in techniques of valuation control.

Components	Period of implementation	Source	Requirements & Methodology
Effective Valuation data base	1.5 years	Valuation directorate ACD and ASYCUDA BPR team supported by an International Customs advisor.	1) Trained staff. 2).Automated support systems. 3) Access to other trading partners export data base. 4) To reduce arbitrary valuation and prevention of price miss-declaration
Implementing Valuation Best Practices	Three years	Valuation directorate ACD and ASYCUDA BPR team supported by an International Customs advisor and legislation Directorate	1) Standard Operating procedures to apply the different Valuation methods. 2) Trained staff in WTO Valuation Practices. 3) Automated support systems. 4) Exchange of Data with Foreign countries and organizations. 5) Electronic Data base updated regularly.

1.3.3 Appeals and litigation

The objective is to create judicial systems and drill Afghan Customs officers in these procedures so that the judicial mechanism can function in a transparent manner. Consultants will be deputed to develop the capacities of ACD officials.

Components	Period of implementation	Source	Requirements & Methodology
Establishment of Legal /Litigations Support Office.	One year	Placement of ACD trained staff & International advisor on Legal matters	1) Create a judicious system for dispute resolution. 2). Framing procedures for legal support 3). Organizational setup.
Establishment of Support appeals and arbitration unit	Two year	ACD trained staff & International advisor on Legal matters	1). Organizational setup. 2). Approved Operational procedures in line with best practices. 3). Legal training.

1.3.4 Customs brokers

Customs broker service is recognised as a professional body that educates the trade and ensures voluntary compliance. There is a need to regulate and develop the capacities of customs brokers

Components	Period of implementation	Source	Requirements & Methodology
Licensing	Ongoing	ACD HQ	1) Brokers selection Mechanism. 2) Cancellation of licenses. 3) Code of Conduct.
Brokers Training at Customs institute	Ongoing	HR + Training Institute	1) IT training. 2) Customs legislations and Procedures training.
Ethics	Ongoing	Training Institute	Integrity and ethics training

1.4. Value added services

1.4.1. Transit corridors Improvement.

Afghanistan is a land locked country bordering six different countries. In history, the country was known to fall on the Silk Road and the Afghanistan Compact looks at making the country a land bridge of the region. Internationally, many instruments have been devised for facilitating such as TIR Convention by United Nations Economic Commission for Europe or ATA Convention of WCO. Keeping in view the strategic location of Afghanistan, the development of International Transit will have significant impact on the economic development of Afghanistan.

Components	Period of implementation	Source	Remarks
TIR implementation	One year	ACD	1) Coordinating with Ministry of Commerce for TIR Implementation.
Deployment of transit module of ASYCUDA	Two years	ASYCUDA Team & Regional Customs	1). Implementing Border to inland, inland to border, border to border Transit Through ASYCUDA
Integration into declaration processing System of ASYCUDA	Four years	ASYCUDA Team & Regional Customs	1) Reconciliation. 2) Eliminate MoCI documents. 3) Risk Management
Establishment of Transit management unit	One year	ACD Head Quarters	1). Manage and coordinate issues with all stakeholders including Trade transporters, regional Customs, Ministries of commerce , transport , Roads and public works, Health and Interior. 2). Monitoring development of Transit corridors
Training of staff	Continuous	National and International Trainings and seminars.	1) Training staff on International transit practices, regional transit agreements. 2) WTO and WCO Transit conditions and guidelines.
Monitoring & Performance measurement	Continuous and Ongoing	Surveys with assistance of donors.	1)Block time 2)Trip diaries 3)Interviews

1.4.2. Develop Warehousing

Customs bonded warehousing is now an essential facility being enjoyed by traders to help in international flow of goods. The operating procedures will need to be devised and officers given intensive training in them. Developing Warehousing Business coupled with an organized sector of bonded carriers is necessary for effective Customs operations and Transit Development.

Components	Period of implementation	Source	Requirements
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Public Partnership to Develop Warehousing in Private sector	2 years	Chambers of Commerce ,Trade Bodies, ACD and MOC	1) Legislative back up. 2) Memorandums of Understanding with Trade bodies. 3) Infrastructure needs (To be constructed by Private sector).
Development and deployment of ASYCUDA Ware Housing Module	3 years	ASYCUDA National Team & Legislation Directorate ACD	1).Training. 2).Procedures and legislative changes. 3).Organizational back up.
Infrastructure and Equipments.	2 years	Donors +ACD Budget + Private sector Investment	1) Ware houses. 2) Handling equipments. 3) Automated Inventory Management. 4) Private sector Investment facilitated and encouraged by the government.
Legislative and procedural Back up for Ware Housing (Manual/Automated)	1 year	International Customs Advisor & Legislative directorate ACD	1) Ware housing Procedure. 2) Operational Modules. 3). Legislative changes
Introduction of Customs licensed Bonded carriers.	2 years	ACD	1) Licensing. 2) Guarantees. 3) Training of Bonded carriers.

Part 2. Enforcement and Voluntary Compliance

This part deals with measures for enhancing control mechanisms through better risk management, effective preventive action and encouraging voluntary compliance.

Customs around the world (with very few exceptions) is recognized as a para-military force with assault capability. They are in the forefront of detection of narcotics, environmentally hazardous goods, nuclear and other controlled substances besides arms and ammunitions. In Afghanistan a credible force needs a very high assault capability to deal with drug and arms smugglers in the post-war reconstruction phase. The present customs force will take time to harness the required level of fire power. However, Government depends on customs as the main source of revenue and of the enforcement machinery needs to meet the challenge of rampant evasion of duty by miss-declaration. Better capacity for assessment of goods needs to be supplemented by customs capability for more efficient enforcement to deter duty evaders and prevent smuggling.

Afghanistan shares borders with six countries with which it has century's old cultural, tradition and trade links. The Customs operations of Afghanistan are thus scattered in a large area. This needs an efficient and modern enforcement organization for enforcing Customs Law, checking revenue leakages, regulating national and international transit and facilitating legitimate trade.

An effective enforcement machinery must have powers to investigate and then to prosecute where offence is discovered. The customs is the designated governmental body that has the technical expertise to identify fraudulent importations that result from false country of origin or misclassification under the Afghan Customs Tariff. Investigators should have the authority to conduct searches, make arrests and such functions as are associated with hard enforcement activities. The Intelligence Unit of Enforcement Directorate needs complete overhauling and reforms. The Intelligence unit shall be reporting to the Director General ACD and Director Enforcement ACD.

2.1. Manage compliance – Risk Management

The nature of the work performed by customs binds the ACD to the application of risk management and this is a core business practice in every successful customs administration. Risk management is primarily about business process changes that automation will support. Application of a good risk management strategy will reduce the number of examinations significantly. Even at the individual transaction level, the ACD needs to evaluate the totality of the risks in the supply chain to the transaction under clearance process. ASYCUDA applications will assist in the automation of the risk management processes at the transactional level even though ASYCUDA is not by itself a Risk management system.

Specific steps that need to be taken against the risk management strategy include:

- Rationalized inspection process that are results driven;
- Compliance measurement assessments of the cross border trade businesses in Afghanistan;
- Create a partnership between the private sector and Customs for corrective action plans for errors and omissions;
- Make commercial crimes a serious offence resulting in incarceration.
- Develop an Authorized Economic Operator Program;

2.1.1. Risk Management Unit

The risk management unit must be directly linked to ASYCUDA development and operations, yet should be functionally independent. The unit shall be based at ACD head quarters with sub offices in Regional Customs Houses. The risk parameters shall be regularly updated both for Manual and Automated operational systems, and the decisions for selection of Risk parameters, Indicators shall be made by senior management of ACD.

Components	Period	of	Source	Requirements	&
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	implementation		Methodology
Set up Risk Management unit.	1.5 to 2 years	ACD HQ + International Customs Advisor + Legislative Directorate + HR	1) Organizational setup. 2) Drafting RMS incorporation procedures. 3) Recruiting and posting HR Employees. 4) Command and control.
Develop RMS	1.5 to 2 Years	ASYCUDA Team + International Advisor + Legislation Directorate.	1) RMS system components. 2) Specific responsibilities. 3) Manual and automated RMS. 4) Data management and Risk factors determination.
Train Employees	2 years	HR + International advisor (RMS specialist)	1) Train ACD employees on methodologies and techniques of risk management. 2). Train employees and senior Management on operational aspects of RMS. 3) IT training for automated RMS.
Integrate in IT process	3 years	ASYCUDA Team + International Advisor + Legislation Directorate	1) BPR of Customs operational processes. 2). Necessary procedural/sub legislation changes. 3). Linkages to all Sub systems of ASYCUDA, specially DPS and Transit Modules/systems.
Performance measurement	On going	International advisor + Surveys	1). Surveys to gauge effects on a). Trade Facilitation b). Compliance and detections.

2.1.2. Market Segmentation.

The grant of special facilitates to groups of traders who are adjudged low risk is increasingly being accepted as a method of trade facilitation and for better targeting of

high risk consignments. Programmes for authorised economic operators promote better compliance of customs as well as security regulations.

Components	Period of implementation	Source	Requirements
RMS for Manual and Automated processing for compliant and non compliant traders.	2 years	ASYCUDA Team + Regional Customs	1) Declaration processing data. 2) Selectivity criteria. 3) Red, Yellow and Green segments identification. 4). RMS application on declaration processing systems for different segments.

2.2.1 Track down offenders

The first part of this activity requires a clear definition of the different levels compliance checks, and is normally integrated in the chain of clearance. It is the complement of an appropriate examination policy, and is based on the ability to carry out verifications, for segments of the business community, after release, and the possibility to carry out different levels of checks and audits for suspicious cases.

A second level of this activity is the physical search for smuggled goods and smugglers. It is carried out using a combination of Customs controls (identification, use of intelligence, background analysis) and police or military-type operations. Experience has shown that such controls are better carried out by experienced Customs officers trained in active enforcement techniques.

2.2.2. Investigations

The investigations unit should consist of two branches, on dealing with commercial, clearance-related fraud, and the other with outright smuggling.

Components	Period of implementation	Source	Requirements & Methodologies
Establish a modern Investigations unit	1.5 year	ACD (HQ) supported by Customs enforcement advisor.	1). Organizational set up. 2). Investigation Procedures. 3). Coordination with different organizations. 4). Legal authority.
Training	Ongoing	International Advisor + local Investigation experts.	1). Investigative techniques. 2). Customs procedures. 3). Data management. 4). Coordination.
Legislation	1 year	ACD legislation	1) Investigation Procedures

		directorate + Intl Customs Advisor	2) Standard Operating Procedure
Performance measurement.	Ongoing	Surveys	1) No of cases finalised. 2) Detections and revenue realised.

2.2.3. Preventive and enforcement wing Reforms:

The Enforcement Directorate of ACD and its regional Offices need some drastic reforms. The performance of enforcement regime of ACD can only be improved by implementing a number of coordinated actions through different projects. This will require Legislative powers to act as a law enforcement agency to carry out Anti smuggling operations, specified operating procedures for the mobile squads, training of officials in enforcement as well as military trainings, provision of Sufficient equipments and vehicles and an efficient monitoring and communication mechanism.

The Customs Mobile units need to be integrated in a well structured directorate with a tight chain of command and Managerial Control. Specific Trainings in enforcement techniques, adequate equipments and weapons as well as a very well defined reporting mechanisms are also indispensable.

Components	Period of implementation	Source	Requirements
Strengthening and reforming Enforcement	2 years	ACD	Legislative reform
Operating procedures improvement	1 year	ACD legislation directorate	Drafting operating procedures
Organization	1 year	HR	Selection of appropriate staff.
Training	1.5 year	Training Institute	1) Enforcement Mechanism. 2) Enforcement techniques. 3) Weapons and equipments training. 4) Military Training. (Physical)
Equipment and uniforms	1 year	ACD Budget	1) Communication equipment. 2) Weapons. 3) Proper uniforms with ranks.
Supervision and performance measurement	2 years	ACD HQ	1) Monitoring mechanism. 2) Reporting mechanism. 3) Seizures and detections. 4) Coherent chain of command and management supervision.

2.3.1. Anti-smuggling with focus on contraband goods such as narcotics and other prohibited items etc. For any anti-smuggling operation there is an essentiality of a proactive and well organized Intelligence unit with a chain of informers and a strong communication network with National and International Intelligence organizations.

Components	Period of implementation	Source	Requirements & Methodology
Establishment of modern Intelligence units	2.5 years	HR +Intl Customs advisors + Enforcement Directorate ACD	1) Organization set up. 2) Intelligence gathering. 3) Informers network. 4) Training in Intelligence techniques. 5). Coordination with National and International/regional Intelligence organizations.
Specific Anti-smuggling operations	1 year	ACD Enforcement Directorate supported by International Advisor	1) May partly call for inter-agency cooperation. 2). Smuggling routes Identification. 3). Specific Anti Smuggling teams. 4). Information exchange. 5). Transit tracking
Supervision and performance measurement	Ongoing	Surveys and reporting	1). Monitoring mechanism. 2). Reporting mechanism. 3). Seizures and detections. 4). Adequate management and performance indicators.

2.4 Manage crossing of the border

The Objective is to open new official Customs borders stations, to bring all Customs crossing points under control of Customs and eliminate border police presence within Customs restricted zones

2.4.1. Border line surveillance

Components	Period of implementation	Source	Requirements & Methodology
Policy for Operations	3 years	ACD Enforcement	1) Government decision 2) Legislative powers. 3) Organizational Set up. 4) Coordination and Liaison with Border security forces.
Training	1 year	ACD HQ	1) Anti-Smuggling.

			2) Military Training. 3) Cross border operations.
Equipment	1 year	Donors	1) Weapons. 2) Communication equipment.

Part 3 Customs Organization and Capacity Development

This part deals with creating a strong and professional force that has the proper structure with well defined roles and capacity to meet organizational objectives.

3.1.1 Placement of Customs in relations to other wings of Government:

The actions under this project will strengthen the organizational Capacity of Afghan Customs department. Due to the very nature of Customs operations, there is a need for ample Financial and Organizational Independence. This will not only increase the performance efficiency of ACD but will also provide the opportunity to ACD senior Management to have better control over its staff and operations.

Components	Period of implementation	Source	Requirements & Methodology
Settlement of Regional issues of Interference in Customs Operations.	2 years	ACD & MOF , MOI	1) Political decision concerning reporting mechanisms to provincial governors 2) Ensuring central supervision over provincial customs operations and their work inspection
Recruitment and HR management autonomy	2 years	ACD & MOF	1) Formulation of a modern and independent HR policy. 2) Hire and fire Authority.
Budget autonomy	2 .5 years	ACD , Budget Unit MOF	1) ACD Operational Budget. 2) ACD Development Budget. 3) ACD rewards/welfare budget. 4) ACD Budget unit
Re-design of administrative systems covering field and headquarters	1 year	ACD HQ HR Directorate and International HR advisors.	Ongoing 1) Job descriptions. 2) Workload analysis and adjustment. 3) Posting. 4) Work flow analysis and

operations			Improvement. 5). Performance measurement bench marks and indicators.
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3.2 HR Policies

3.2.1. Salaries:

The retention of experienced staff and attracting skilled and qualified personnel for the efficient working of ACD operations requires a competitive and liveable wage mechanism. The wage reforms will focus on the selection of appropriate wage structures for the different levels of employees and recommending necessary funding mechanisms to sustain the wage structure.

Components	Period of implementation	Source	Requirements
Establish a wage structure	2 years	ACD HQ, HR Directorate and International Customs Advisor.	1) Ensure funding and a sustainable wage system 2) Commensurate with job descriptions/responsibilities
Additional funding for wages	2 years	ACD operations	1) Through user fees as is recommended by WCO. 2) Wages survey results interpreted

3.2.3 Incentives/bonuses/rewards:

To keep the work force motivated also necessitates an organized Rewards and Incentives mechanism for people producing extra ordinary results. The reward mechanism needs to be activated as it will also help in reduction of corruption among the ranks.

Components	Period of implementation	Source	Requirements
Establish policy of Rewards disbursements	1 year.	International Customs advisor & HR /Admin directorates ACD	1) Policy for rewards. 2) Performance based rewards system. 3) Transparent system of disbursement. 4) Rewards audit and designating sanctioning authorities. 5) Consider the results of Wage

			survey
Legislative review	6 months	Same as above + Legislation directorate ACD	1) Necessary procedural and legislative changes.
Secure funding	6 months to 1 year.	ACD HQ & MOF	1) Budget allocation. 2). Amounts received from disposal of confiscated goods. 3) User fees from Customs operations.

3.3.1. Integrity reforms and Policy:

The nature of Customs responsibilities compels that there shall be well structured accountability and Integrity mechanisms in place. Such units in ACD (If operated professionally) will not only help reduce corruption but will also result in increase in revenue realization.

Components	Period of implementation	Source	Requirements
Factor integrity under every development activity	2 years	HR Directorate and HR advisor.	1).Each time a project sub-component is designed, explain its anti-corruption effect
Review of legislation	2 years	HR Directorate and HR advisor	1) Customs and Civil service laws Reviews. 2) Legislative powers to ACD administration to decide disciplinary cases and give minor/major punishments.
Design disciplinary procedures & Policy	2 years	HR Directorate and HR advisor	1) Anti corruption strategy. 2) Procedures to deal with disciplinary and corruption cases. 3).Apply disciplinary procedure .
Staff rotation and posting policies	1 year	HR Directorate and HR advisor	1) Posting policy. 2) Career Planning.
Establish Integrity Unit	2 years	HR advisor and HR	1). Organization set up. 2). Based in ACD Head-Quarters but

(Skeleton unit at first).		Directorate ACD	having sub-offices in regions. 3) Independent operations. 4) Data base and reporting mechanism. 5) Reporting to Deputy Minister and Director General ACD
Adjust mandate and legislation	2 years	HR advisor and HR Directorate ACD	1) Clarify other agencies' role. 2) Internal affairs and investigations unit. 3) Considering results of Integrity survey. 4) Investigative powers and access to records.
Hot line	1 year	ACD HQ	Located at DG ACD secretariat.

3.4 Staffing, Training, and HR:

The ACD shall implement a recruitment and training policy. Full time trainers will be posted in the training center, for at least three to four years, and officials from operational areas will also have an important part to play in the running of courses. A pool of part time trainers will also be set up. The training center will run training courses for new recruits, monitor trainees undergoing on-the-job training, and arrange refresher, language, or specialist courses. It will also arrange internal promotion examinations. Trainers need to be trained and retained and posted in such a way as they are always available to the training center. When a trainer is posted outside the center, the center should have the capacity to call him for a specific session, and pay him a small fee for these specialist services. Seminars, outside-oriented training sessions and workshops shall be organized in the Training division, including refresher or orientation courses for non Customs personnel. When not used for Customs purposes, the training center can be made available, on a cost recovery basis, to other agencies or organizations.

3. 4. Training

The Afghan Customs Department (ACD) has a very limited capacity to conduct training or even take maximum advantage of donor offered assistance in training. The ACD only has a very limited dedicated training space and staff within the Kabul Customs House. This location does not have facilities that include dedicated space for practical training exercises that are normally part of a customs administration's training program. Likewise, the ACD does not have the supporting equipment for a modern training academy. Also lacking is an organizational level approach to training methodology such as the Systems Approach to Training that is used in modern business practices for human capital development and management (HCDM).

3.4.1. Training Center

A rational approach to build the capacity of the ACD is to move towards more modern business practices. This would include the development of a national level training academy where officers from the various regions are brought together for common training sessions. In many instances, training goes to the field with the travelling of trainers to the field locations or the delivery of formalized on-the-job training. In the case of Afghanistan, the training of officers from various regions in consolidated classes will have the distinct advantage of building national level cohesion within the ACD officers. As the national training academy staff gains capacity in training management and the systematic practices of training methodologies, the ACD Training Center will be able to bring in the use of other training practices.

The ACD Training Center should include building facilities for classroom instruction, administration, and practical exercises. This may include mock-up customs points, trucks and cars used for practical lessons in search techniques, physical training facilities and safe use of firearms. Additionally the training facility should include housing units for both male and female officers with facilities for meals.

Components	Period of implementation	Source	Requirements
Training policy	1 year	HR Directorate & HR advisor	1) Establish a policy commission at ACD HQ 2) Assessing Trainings needs as per HR survey. 3) Training at Regions and HQ.
Design and Construct Training Institute	2.5 years	ACD HQ & Donors	1) Trainings needs of Customs considered. 2) Hostels. 3) Facilities for seminars and workshops.
Training schedule	1 years	HR directorate & HR advisor	1) Available (Prepared by Adam Smith International). 2) Implementation schedule. 3) Resources. 4) Results of HR survey considered.
Sharing Training Facility	Ongoing	ACD HQ	1) Inter-agency MoU for sharing facility. 2) Funding source

Train the trainers	1 to 1.5 year	Donors and ACD Head Quarters supported by International HR advisor	<ol style="list-style-type: none"> 1) Identification of Trainers. 2) Crash programmes for future trainers. 3) National and International Trainings for trainers and their effective use after completion. 4) Specific training fee for trainers. 5) Placement of trainers in Head Quarters and regional Customs. 6) Incentives for internal trainers. 7) Specific training fee for Specialized courses or specific events by external trainers
Identification and phasing of specialised and refresher courses.	1 year	HR directorate	<ol style="list-style-type: none"> 1) Training policy. 2) As per identified needs. 3) Initial crash course in English 4). Essential for outside training and internalizing technical assistance. 5) English Training for main directors and Managers at ACD HQ
Identification & selection mechanism for Foreign Trainings	Ongoing	ACD HQ & HR Directorate ACD	<ol style="list-style-type: none"> 1) Must know basic English, IT, and Customs procedures in order to enrol for the training. 2) Selections from all regions. 3) Placement after training at appropriate places. 4) Utilise as trainers at Head Quarters Training Institute and regions. 5) Merit based selections.
HCDM/ Capacity Building	Ongoing	ACD HQ & Donors	<ol style="list-style-type: none"> 1) Financial support for International Trainings and seminars. 2). Financial Support for National Specialized trainings. 3) Hiring skilled support staff for ACD HQ operations

The possibility of sharing the facility with other institutions should only be envisaged in areas where Customs have a comparative advantage, and some of the training could be held outside customs (e.g., initially, firearm training could take place at police or army facilities).

It is essential that trainers, once trained, are retained for a minimum period of time in the Centre. When occasional trainers are identified and trained for specific actions, while still exercising other duties, they should be available on call, and when involved in training activities, receive a small fee. While Customs should obviously be officially performed in Dari and Pashto, English is the key vehicular language. Outsourcing of other training courses should be envisaged, especially at first, in areas where there is yet no expertise within the ACD (e.g., firearms).

Outcome: Gradually all staff will have undergone basic and specialist training, thus ensuring that Customs officers are proficient, have up-to-date skills, and can react to new trends in foreign exchanges and new fraud pattern

3.5 HR Funding

3.5.1. Allocation to Customs:

Keeping the very crucial role that Customs plays for the economy of Afghanistan and the sensitivity of Customs operations, the budget allocation shall be rationalised. This will require institutional support of the Ministry of Finance and proper management of the allocated budget and resources within the ACD.

Components	Period of implementation	Source	Requirements
Appropriate Budgeting	1 year	MOF	1) ACD operational needs. 2) ACD developmental needs. 3) Rewards, bonuses, better wages for employees.
Performance-based allocation	1 year	MOF	1) Targets achievement. 2) Based on annual performance of ACD

3.5.2 The ACD Budget Unit will monitor expenses of the ACD and provide input to government for budget making.

Component	Period	Source	Requirements	Objectives
ACD Budget Unit	Dec 2007	One International Budget advisor and Budget experts recruited with supporting	1) Organizationa l set up. 2).Well trained staff. 3). IT and infrastructure	1). Preparation /Assessment of ACD budgetary needs. 2) Manual and Program budgeting for ACD. 3). Monitoring of disbursed amounts

		staff from ACD Administration Directorate		
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3.5.3. Customs processing fees:

The concept of charging Processing fees for Expedient and efficient Customs operations are not new. A number of Developed and developing Customs Administration are charging this fees from their Customers for providing improved Customs services in the form of Automated, Transparent and speedy Customs processing/ Operations. In addition the fees are also charged for providing modern Terminal operations facilities. The collected fees are in turn used for Staff welfare, maintenance of Buildings and equipments and rewards. The results of a recent Wage and Integrity survey reflected that the Trade is overwhelmingly ready to contribute and pay such fees if better and improved services are provided by Customs.

Components	Period of implementation	Source	Remarks
Identify level of fee for different traders.	2 years	ACD HQ	1) Fees as per International Best practices. 2) Necessary for improved operations.
Specific fees and cost-recovery scheme	2 years	ACD Administration	1) Collection mechanism. 2) Used for ACD employees welfare. 3) Trade facilitation measures.

Part 4. Inter-department coordination and Customs Business Partnership

This part deals with all the interfaces of the Customs department with other wings of the Government and the trade and industry.

4.1.2. Customs-Trade Interface:

An essential component of Customs reforms is the dissemination of Customs related information to the trade such as Customs laws and regulations, tariff rate, customs offices addresses and contacts. Also there is a need to get the constructive feedback of trade for improvement in Customs operations and policy making. Additionally, the complaints and

grievances of the trade also needs to be addressed and definite organizational setup needs to be in place.

Components	Period of implementation	Source	Requirements & Methodology
Help Line and Media coordination Unit at ACD (HQ).	2 years.	Donors.	1) Establishment of a media unit at ACD for interface with all stake holders. 2) A full day help line unit at HQ for registering complaints and providing guidance.
Web site development.	On going	ASYCUDA team and CURE.	1) Updated website with all Customs related procedural and legislative information. 2) Updated Customs tariff. 3) Help line e mail box. 4) ACD developments update.
Establishment of an ombudsman program and increased capacity of consultative council (With Trade)	3 years	ACD Coordination Directorate+ Median Unit ACD+ Chambers of commerce and Industry+ Ministry of Commerce.	1) Cooperation for prevention of smuggling and duty evasion and starting an authorized economic operator's programme. 2) Improve communications and interface with traders through capacity building on best practices for formal communications following revised Kyoto Convention.

Part 5. Infrastructure and equipment :

Decades of war has badly effected the entire infrastructure of Afghanistan generally and Government infrastructure specifically. The ACD is no exception. The first five-year plan focused on the development of temporary infrastructure facilities for basic ACD functionality and beginning of construction of permanent buildings and facilities. A number of projects have successfully been completed focused on this objective. In this five-year plan, a lot is expected from all donors as most of customs offices in regions as well at borders are in a bad shape and it is very difficult for Customs officials to perform their functions. The infrastructure development is very essential for the development of ACD, as it is the basic requirement of any administrative setup.

The infrastructure should include construction and renovation of Customs offices as well as the construction of living quarters for Customs officials, Building, Customs Training

Institute, laboratories and availability of Equipments and computers for efficient Customs operations.

5.1. Better working environment (improved infrastructure)

Components	Period of implementation	Source	Requirements & Methodology
Refurbishment, construction, or development of ICDs and regional headquarters	5 years	Donors	1). Improve present offices. 2).Built new Customs houses, parking, warehouses, accommodations and regional Customs Headquarters. 3).Provide necessary facilities for a modern Customs terminal. 4). Acquire office furniture.
Border stations Construction and development.	5 years	Donors	1) Priority for major transit routes 2) Scanners & Weigh Bridges. 3). Infrastructure for ASYCUDA needs. 4).Adjust to clearance & Transit policy. 5) Segmentation of Trade. Identify categories of traffic and establish dedicated lanes/procedures. 6). Shared border facilities .
Establishment of Inventory management and maintenance unit	1 to 1.5 year	ACD HQ	1) Inventory of all ACD ASSETS. 2) Computerisation of all moveable and immoveable assets. 3) Maintenance and Inspection units at regional Customs.
Establishment of Infrastructure Management Unit.	1 year	HR Recruitment & Donors Representatives/ International advisor.	1). Identification of Infrastructure projects and requirements. 2) Costing of Infrastructure projects. 3). Work plans for projects. 4) Coordination with donors, ACD and other agencies. 5) Monitoring progress of projects and writing monthly

			progress reports.
Design and Construct Training Institute.	2.5 years	ACD HQ & Donors	1). Trainings needs of Customs considered. 2). Hostels. 3). Facilities for seminars and workshops.
Establish structure for cargo handling.	1 year	ACD HQ & Private sector	1) Procedure in the process of approval Private sector involvement. 2). Equipment maintenance and operations responsibility delegated to Private sector.
Surveillance equipment	1.5 year	Donors	1).Equipment for Customs patrols. 2). Mobile weighbridges 3). Tracking. 4). Communications. 5). Scanners

Note: The list of Main Infrastructure projects are attached as Annex I. and a consolidated list of all the main projects is enclosed as Annex II.

VII. Performance Evaluation under the five year Plan

The broad Quantitative indicator of achievement of the five year plan can be derived from ratios based on macro activity values as shown below, using methodology developed by the World Bank or that used by other customs organisations. The ACD should set targets based on the anticipated evolution of trade, and realistic targets in terms of performance. These will then show in the matrix below, which provides comparable values that can be checked against international benchmarks. A set of annual indicators of productivity and their progress from year to year will enable monitoring of performance under the five year plan. The main indicators are:

- Revenue collected per customs employee
- Total customs agency costs compared to revenue collected
- Salaries compared to revenue collected
- Trade volume per number of staff
- Annual number of declarations per customs employee

		1384	1385	1386
1	Total Customs revenue (AFS Million)	11189.4	15480.3	
2	Total Customs cost (AFS Million)	105.9	108.5	
3	Total Customs staff	1876	1876	
4	Total Customs salaries (AFS Million)	82.35	82.35	
5	Annual number of declarations	308391	359009	
5 a	Import	298335	344648	
5 b	Export	10056	14361	
	Imports (AFS Million)	190145	198607	
	Exports (AFS Million)	4992	8419	
6	Total Value (AFS Million)	195137	207026	
A	Revenue collected/Customs staff (AFS)	5970000	8340000	
B	Total Customs cost/Revenue collected	0.9%	0.7%	
C	Salaries/Revenue collected	0.7%	0.5%	
D	Trade volume/Staff (AFS)	104017590	110355010	
E	Declarations/Staff	164.4	191.89	
F	Economic cost per declaration	343.39	301.38	
G	Average monthly salary cost	3658.04	3658.04	
H	Average revenue per declaration	37506.5	44916.2	
I	Average value per declaration	637353.99	576260.41	
J	Ratio (effective rate)=H/I	5.55%	7.79%	

(Methodology Source : World Bank Customs Modernization Hand Book 2005)

The revenue performance of ACD has shown a very positive growth over the Years. **The Annex IV** illustrates the revenue trends of ACD. The first graph reflects the revenue percentage increase in year 1385 in comparison to year 1384. The revenue in year 1385 has increased by 38% from year 1384. In the revenue trends of year 1386 (First Five

months) Annex IV reflects the overall percentage increase in revenue of 29% then the corresponding period for 1385.

Other Quantitative Indicators

At local level, clearance and operational performance can be assessed according to the pilot site methodology used by the World Bank. This is based on the measurement of sample data for time release (or clearance) and levels of compliance. The data is aggregated into simple indicators of:

- (i) Time to clear the border.
- (ii) Transit times.
- (iii) Time for clearance at inland Customs houses.
- (iv) Rates and results of controls.

Qualitative Performance Indicators:

Apart from the quantitative Performance indicators mentioned above, the various Programs and the different projects under these programs can be evaluated from the definite and visible Qualitative indicators/Bench marks. The main qualitative Benchmarks which can be used for gauging the success of main programs are as follows:

a) Automation:

- 1) Customs Clearance Times & Transit clearance Times will be reduced to International levels.
- 2). Full computerized documentation of all Customs operations will be implemented.
- 3). Trade Facilitation to legitimate trade.
- 4). Computerization of revenue reporting will be in place.
- 5). Effective Management Information System for Generating reports for policy making, analysis and Audit will be implemented.
- 6). Significant reduction in Corruption will also occur.

b) Legislative Reforms:

- 1) Customs Legislation will be updated based on the Business requirements of ACD and WCO standards.
- 2) Well defined and comprehensive Customs procedures for all Customs Operations will be formulated.
- 3) Business Process Re-engineering of all Customs procedures to introduce automation will be completed.
- 4) Support units in ACD with legislative cover and approved defined procedures will be established.

c) Enforcement:

- 1) A honest, dedicated and well trained enforcement wing will be established.
- 2) Efficient disposal/ auctions of seized goods and significant increase in revenue from Seizures by enforcement will occur.
- 3) A highly proactive intelligence and investigations wing reporting to ACD Headquarters will be established.

- 4) An enforcement plan will be instituted to curb anti-smuggling on all identified smuggling routes.
- 5) A comprehensive and authentic reporting mechanism in place to provide daily, weekly and monthly reports for all enforcement activities.
- 6) A highly advanced information sharing mechanism with national and international law enforcement organizations will be implemented.

d) Human Resource Development:

- 1) An effective and vibrant HR policy will be in place based on results of HR survey and ACD needs.
- 2) A Practical, transparent and merit based Training policy will be in place based on ACD needs as determined by HR survey.
- 3) A training schedule covering necessary trainings for all ACD employees.
- 4) Supports units will be in place for effective ACD operations.
- 5) ACD will have ample Trainers to impart trainings nationwide.
- 6) A work force highly dedicated, motivated and trained will perform Customs operations in an optimal manner.
- 7) ACD will have an Independent recruitment and dismissal powers.
- 8). A state of the art Training Institute of International Standards will be established.
- 9). A wage and Rewards system will be in place and operational for a motivated work force.

e) Infrastructure Development:

- 1). Necessary Infrastructure will be established at Inland Customs Stations as well as at Borders for smooth and efficient Customs operations.
- 2). Necessary infrastructure and equipments made available for roll out of ASYCUDA.
- 3) Infrastructure and necessary facilities for Trade facilitation of truckers, traders, Importers, Clearing Agents at all Customs stations will be made available.
- 4) A proactive Infrastructural Management unit will be operationalized for coordination and monitoring of Infrastructure projects.

f) Legal Reforms:

- 1) A legal unit with a comprehensive mechanism / system is in place for legal settlement of cases related to Customs.
- 2). A well organized system of Arbitration and appeals will be established in ACD nationwide based on international standards and best practices.

g) Business Partnership

- 1) The necessary Customs related information will be disseminated to all stake holders and trade.
- 2) Effective communication and Consultation will take place with traders in making reforms policies.

- 3) Traders complaints and grievances will be heard and addressed through a defined mechanism.
- 4). Involve traders in all programs of Trade Facilitation.

VIII .Conclusion:

The ACD is one of the most critical agency within the Afghan government and has a vitally important role to play in meeting its objectives (efficiency in collection of revenue, maximization of compliance by informing trade and travelling community of applicable laws and regulation and by taking enforcement activities against non-compliance traders and travellers.

The ACD five year strategic plan builds upon the ACD previous accomplishments in the prior five year plan. This new plan focuses on infrastructure projects to complete, building the technical capacity of the ACD, achieve efficiency in custom operations as defined in revised Kyoto convention, achievement of optimal revenue targets in conformity with international targets and facilitation of legal trade.

The strategic plan is designed to further the over arching objectives of the afghan government contained in the Afghan compact and ANDS Secretariat Macroeconomic Frame work.

The main targeted outcomes of this strategic five year plan is that at the end of the five year period, Afghanistan will have established a responsible and professional customs service capable of delivering services to the country in terms of its contributions to the national treasury, strengthening the Afghan economy, maintenance of security and economic and social development of the country.

Annex I

5.1 Main proposed Infrastructure Project sites

<i>Infrastructure</i>	Area of activity	Target objective	Location and Resource Requirements	Cost estimate	Donor Support
Project – Infrastructure 1	Civil works and automation	Facility to support trade, automation, and security	New building for Khost Customs and equipment	USD 8 million	
Project – Infrastructure 2	Civil works and automation	Facility to support trade, automation, and security	New building or renovation of customs facilities at Weash, Kandahar and equipment	USD 20 million	
Project – Infrastructure 3	Civil works and automation	Facility to support trade, automation, and security	New building, road, and equipment for Hairatan Customs	USD 15 million	
Project – Infrastructure 4	Civil works and automation	Facility to support trade, automation, and security	New Building and equipment for Aikhanum/Takhar	As per Japanese Grant (US \$ 8 million)	Japan Govt
Project – Infrastructure 5	Civil works and automation	Facility to support trade, automation, and security	New building and equipment for Aqina customs	2 million Euro (US\$ 2.9 million)	
Project – Infrastructure 6	Civil works and automation	Facility to support trade, automation, and security	New building and Equipment for Sherkhan Bandar	As per EC Grant (18 Million Euros) Us \$26.3 million	
Project – Infrastructure 7	Civil works and automation	Facility to support trade, automation, and security	New build or renovation of customs facilities at Torkham and equipment	USD 5.5 million	

Project – Infrastructure 8	Civil works and automation	Facility to support trade, automation, and security	New building and equipment for customs facilities Darwaz, Korukh and Ehs Kashem Tajikistan Border	USD 5 million	
Project – Infrastructure 9	Civil works and automation	Facility to support trade, automation, and security	New building and renovation of customs facilities—in Kabul and Airport	USD 4.0 million	
Project – Infrastructure 10	Civil works and automation	Facility to support trade, automation, and security	Truck parking for Jalalabad Customs	USD 4.1 million	
Project – Infrastructure 11	Civil works and automation	Facility to support trade, automation, and security	New Buildings for Paktia, Paktika, Patan, Ghulam Khan, Kunar and equipment	USD 18 million	
Project – Infrastructure 12	Civil works and automation	Facility to support trade, automation, and security	New buildings for Helmand, Islam Qala, Herat, Torgunde and equipment	USD 18 million	
Project – Infrastructure 13	Civil works and automation	Facility to support trade, automation, and security	New buildings for Farah, Nimroz, Zabul,	USD 8 million	
Project – Infrastructure 14	Civil works	Facility to support trade, and security	Provision of staff housing in Islam Qala, Aqina, Spin boldak, Patan,, Nimroz Tourkham, Sher Khan Bandar, Ghulam Khan, Nimroz, Zazai, Torgunde.	USD 18 million	
Project – Infrastructure 15	Civil works	Laboratories	Build customs laboratories and buy equipment	USD 5 million	

Project – Infrastructure 16	Civil works	Customs Training and Research Center	Building of modern training center .	5 million Euro(7.3 million Us \$)	
Project – Infrastructure 17	Equipment	Equipment and vehicles for smooth customs operation.	Operational vehicles, communication equipment, security equipment, cargo scanners, weigh bridges, forklift, cranes and containers stackers, 500 personal computers along with 100 printers, 50 scanners, and 50 photocopy machines.	USD 20 Euros (US \$ 29.2 million)	
Project – Infrastructure 18	Establishment of Inventory management and maintenance unit.	To have control and regulate the complete inventory of all equipment and vehicles and to ensure proper maintenance of the same at headquarters and regional customs houses.	Trained experts to be hired to improve capacity building of customs employees at headquarter and regional customs houses, inventory control system.	USD 0.25 million for salaries and necessary equipments. (Technical Assistance)	
Project Infrastructure 19	Establishment of Infrastructure Management Unit	1).Identification of Infrastructure projects and requirements. 2) Costing of Infrastructure projects. 3). Work plans for projects. 4) Coordination with donors, ACD and other	One Civil engineer, One architect, Representatives of Donors on Infrastructure projects and representative of DDG Administration ACD.	USD 0.50 Million for salaries. (Technical assistance)	

		government agencies. 5) Monitoring progress of projects and writing monthly progress reports			
TOTAL				US \$ Million 202.4	

(Note: The amounts against each project are rough estimates based on similar past projects cost)

ANNEX II

PROJECT MASTER CHART

Objectives	Expected Results	Indicators	Risk	Donor Support + Technical Assistance
PROGRAM 1 – Automation	1. Increase in revenue 2. Standard report generation 3. Faster cargo processing time. 4. Complete documentation.	1) Customs Clearance Times reduced to International levels. 2) Transit clearance Times reduced to a few hours. 3) Full computerized documentation of all Customs operations. 4) Trade Facilitation to legitimate trade. 5) Computerization of revenue reporting. 6) Effective Management Information System for Generating reports for policy making, analysis, Audit 7) Significant reduction in Corruption.	1) Resistance from stake holders with vested interests. 2) Lack of sufficient funding for ASYCUDA Implementation. 3) Lack of trained staff for effective ASYCUDA implementation and Internalization. 4) Lack of adequate infrastructure for ASYCUDA Program. 5) Change in Reforms Policy. 6) Concentration of operational knowledge in a few hands. 7) Lack of systems audit	1) Two ASYCUD A Intl Advisors for three years. 2). Four National advisors /experts for 3 years. 3). Risk Management system advisor for 1 year. 4). ICT development .5). ASYCUD A equipments/ software/ trainings/generators etc
Project 1 – Implementation of transit and declaration processing at	1). Expedited Clearance 2). Reduction in interface between tax	The Project specific performance indicators for the specific Project will be provided by the	The risk will be determined and provided by the Respective Project Manager /Director.	

major customs stations.	payer and collector. 3). Transit development.	respective Head of project Implementation team.		
Project 2 – Full implementation of all ASYCUDA modules	1) Full Documentation of all Customs operations. 2) Reduction in Tax Frauds and better control to Customs. 3). Reduction in cost of doing Business.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Asycuda Team
Project 3 – Training for operations	1). Efficient ASYCUDA/ Automated operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Asycuda Team
Project 4 – MIS and other revenue reporting system of ASYCUDA	1). Better accurate and efficient reporting system. 2) Revenue reconciliation. 3). Help in timely and optimal decision making.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Asycuda Team
Project 5- Full internationalization	1). Capability of ACD core people to run, improve and maintain the Automation systems.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Asycuda Team
Project 6- Procurement of	1). Major help in ASYCUDA	The Project specific performance	The risk will be determined and	

necessary ASYCUDA IT equipment	implementation and automation.	indicators for the specific Project will be provided by the respective Head of project Implementation team.	provided by the Respective Project Manager /Director.	
Project 7- Cross border exchange of data.	1).Reconciliation of Transit, Imports and exports consignments resulting in improved revenue realization and will also help in curbing smuggling.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Asycuda Team
Project 8- ACD's ICT master plan	1). Automation in administrative working of ACD. 2). Better communication. 3). Efficient operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 9- Establishment of risk management unit	1). Support to automated operations. 2). Better Controls. 3). Facilitation to legitimate trade. 4). Efficient ACD operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	1 Intl Customs RMS expert / Advisor
PROGRAM -2 -Legislation & Procedures		1). Customs Legislation updated as per Business requirements of ACD and WCO standards. 2). Well defined and comprehensive	1) Change in Reforms Policy. 2) Lack of coordination between ASYCUDA BPR team and legislation	1). Two Intl Customs legislation advisors for three

		Customs procedures for all Customs Operations. 3).Business Process Re-engineering of all Customs procedures to introduce automation completed. 4). Established Support units in ACD with legislative cover and approved defined procedures.	team of ACD.	years . 2). Four national Customs legislation advisors experts for 3 years. 3).Establishment of new units. 4).One intl Customs Advisor for CURE for two years and two local experts for three years
Project 1- Legislative reform	Customs Code made more practical and aligned to ACD needs and in line with International Best Practices.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	2 Customs Legislation Intl Advisors & 4 Nationals
Project 2- Finalizing sub-legislation	Well defined procedures for complex Customs operations for clarity and transparency.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 3- Procedures for supporting automation	Implementation of Automation supported	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 4-	1) Checking	The Project specific	The risk will be	

Establishment of post release audit and post clearance audit.	revenue leakages and tax frauds. 2) Support to expedited clearances. 3) Accountability of tax collectors and tax payers.	performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 5- Reform of internal audit directorate.	Better and improved operations with rectification of mistakes and strict following of rules.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 6- Formulation of effective valuation data base.	Efficient operations and support to transparent processing and assessments.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 7- Implementation of valuation best practices	1) Better operations. 2) Increase in revenue. 3) Trade facilitation.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 8- Transit corridors improvement.	Transit development resulting in more revenue realization and economic development due to progress of businesses related to transit.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	

Project 9- Development of warehousing procedures and system.	1) Better operations. 2) Development of trade and industry. 3) Trade facilitation. 4) Secure Government revenue.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same advisors as in project 1 (Above)
Project 10- Customs brokers program	Trade facilitation and support to improved Customs operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 11 Reforms Policy & coordination	Strategic planning of all reforms, Policy, Costing, Implementation and coordination of all reforms activities	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team	The risk will be determined and provided by the Respective Project Manager /Director	One intl Customs advisor and two national customs reforms experts
PROGRAM 3- Enforcement and voluntary compliance		1) An honest, dedicated and well trained enforcement wing. 2) Efficient disposal/ auctions of seized goods and significant increase in revenue from Seizures by enforcement. 3) A highly proactive intelligence and investigations wing reporting to ACD head Quarters. 4) An enforcement plan for curbing anti-	1)Resistance by Officials involved in Illegal practices. 2) Political decisions and change in reforms policy. 3) Postings of officials with questionable integrity in Enforcement directorates. 4) Low funding for carrying out enforcement operations.	1). One international Customs enforcement expert for two years. 2). Four Customs experts from ACD for 3 years for different enforcement projects.

		smuggling on all identified smuggling routes. 5) A comprehensive and authentic reporting mechanism in place providing daily weekly and monthly reports for all enforcement activities. 6) A highly advanced information sharing mechanism with national and international law enforcement organizations.	5) Resistance to change and status quo issues. 6) Political interferences by local governors, lawyers Clearing agents in anti smuggling operations.	
Project 1- Preventive and enforcement wing reforms	1) Improved efficiency of enforcement Regime. 2) Reduction in corruption. 3) More seizures and more revenue realization.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director	1 Intl Customs Advisor + 4 Local Enforcement experts
Project 2- Anti-smuggling reforms with focus on contrabands	1) Curb smuggling. 2) Revenue leakages stopped. 3) Security of society , environment etc.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same Advisors as in Project 1
Project 3- Investigations and prosecution wing	Improved operations	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same Advisors as in Project 1
Project 4-	Effective anti	The Project specific	The risk will be	

Border line surveillance	smuggling activities.	performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	determined and provided by the Respective Project Manager /Director.	Same Advisors as in Project 1
Project 5 Establishment of a modern Intelligence Unit	Effective Enforcement Operations	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Same Advisors as in Project 1
PROGRAM. 4 – Human resource and organization development		<p>1) An effective and vibrant HR policy in Place based on results of HR survey and ACD needs.</p> <p>2) A Practical, transparent and merit based Training policy in place based on ACD needs as determined by HR survey.</p> <p>3) A training schedule covering necessary trainings for all ACD employees.</p> <p>4) Supports units in place for effective ACD operations.</p> <p>5) ACD having ample Trainers for imparting trainings nation wide.</p> <p>6) A work force highly dedicated, motivated and trained performing Customs operations in an optimal manner.</p>	<p>1) Resistance to change, status quo by vested interests.</p> <p>2) Resistance to Independent HR policy.</p> <p>3) Political Interference in Recruitments and Postings.</p> <p>4) Lack of trainers to Impart Training.</p> <p>5) Lack of finances for HR reforms.</p> <p>6) Non Independent HR policy.</p>	<p>1) Two International Customs HR and Training Advisors for 3 years.</p> <p>2). 4 Local HR and Training experts/associates</p> <p>.3) One international Customs budget advisor.</p> <p>4). Three Local experts for support units of Tariff research, International Customs and media affairs unit.</p>

		<p>7) ACD having Independent recruitment and dismissal powers.</p> <p>8) A state of the art Training Institute of International Standards established.</p> <p>9) A wage and Rewards system in place and operational for a motivated work force.</p>		
Project 1- Reform regarding Salaries system	<p>1) Motivated and dedicated work force.</p> <p>2) Reduction in corruption.</p>	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above)
Project 2- Reform regarding incentives/bonus/ rewards	<p>1) Improved efficiency of work force.</p> <p>2) Recognition of hard work and good performance.</p>	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	. Technical Assistance as indicated in Program 4 (Above)
Project 3- Reform regarding HR policy a) Regional Issues. b) Recruitment and Budget Autonomy. c) Re designing of administrative systems covering field	A progressive and effective HR policy.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	. Technical Assistance as indicated in Program 4 (Above)

Directorates and headquarters.				
Project 4- Internal affair and integrity	1)Accountability mechanism in place. 2) Reduction in corruption, inefficiency and indiscipline.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above)
Project 5- Establishment of new support units. -Tariff research unit -International affairs unit - ACD Budget unit	Improved operations in a) Tariff rationalization updation and revenue analysis. b) Better management of International Customs affairs. c) ACD budget Management and Program Budgeting.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above) + 3 Local Experts for the three Units
Project 6- Training policy and training schedule	A highly skilled and trained work force prepared for optimal Customs operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above)
Project 7- Modern customs training institute	A state of art Training centre to cater the training needs of Customs.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 8- Train the	Filling the vacuum / gap of	The Project specific performance	The risk will be determined and	

trainers program	shortage of trainers at Head Quarters and Regional Custom Houses.	indicators for the specific Project will be provided by the respective Head of project Implementation team.	provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above).
Project 9- Refresher and specialized training courses	Improved skills and Knowledge	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above)
Project 10- Foreign training program	Improved skills by understanding International practices and support to train the trainers program.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Technical Assistance as indicated in Program 4 (Above)
Project 11 HR Funding a) ACD Budgeting. b) Processing fees and cost recovery.	Availability of appropriate funding and support for sustainable HR reforms.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 12 HCDM (Human Capital Development Management)/ Capacity Building	Foreign Trainings and seminars financing, Local specialized trainings, HQ Support	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team	The risk will be determined and provided by the Respective Project Manager /Director	Donors / ACD

PROGRAM. 5- Infrastructure and Equipment		<p>1) Necessary Infrastructure established at Inland Customs Stations as well as at Borders for smooth and efficient Customs operations.</p> <p>2) Necessary infrastructure and equipments made available for roll out of ASYCUDA.</p> <p>3) Infrastructure and necessary facilities for Trade facilitation of truckers, traders, Importers, Clearing Agents at all Customs stations.</p> <p>4) A proactive Infrastructural Management unit operational for coordination and monitoring of Infrastructure projects.</p>	<p>1) Security Problems.</p> <p>2) Lack of sufficient Government and donors support.</p> <p>3) Lack of coordination between donors, implementing partners and ACD.</p> <p>4) Non consultation of donors in designing the infrastructure projects.</p> <p>5) Lack of Monitoring Mechanism for evaluating the performance standards of construction contractors.</p>	<p>1) One international Advisor / Civil engineer for Infrastructure management unit.</p> <p>2). Three local experts for Infrastructure (2) and Inventory management unit(1)</p>
Project. 1- Construction or Development of ICDs and regional headquarters	<p>1) Improved operations.</p> <p>2) Trade Facilitation.</p> <p>3) Institutional development.</p>	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project2- Construction or development of border stations And Customs Training Institute.	<p>1) Improved operations.</p> <p>2) Trade Facilitation.</p> <p>3) Institutional development.</p> <p>4) Transit development.</p> <p>5) Reduction in illegal trade.</p>	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	

Project 3- Establishment of inventory management and maintenance unit	1) Improved operations. 2) Reduction in operational cost. 3) Maintenance and upkeep of ACD fixed and moving assets.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 4- Establishment of infrastructure management unit	1) Better coordination in all Infrastructure Projects 2) Better monitoring of Progress of Infrastructure projects developments.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 5- Establishment of structure for cargo handling	Improved operations and trade facilitation	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
Project 6- Surveillance equipment	Improved Operations.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	
PROGRAM 6 Legal Reforms		1) A legal unit in place with a comprehensive mechanism / system in place for legal settlement of cases related to Customs. 2) A well organized system of Arbitration and appeals	1) Legislative issues. 2) Lack of donors support. 3) Changes in reforms policy.	1). Two International Legal / appeals/ litigation experts for 3 years. 2). Two

		established in ACD nationwide as per international standards and best practices.		local Legal experts /Lawyers for 4 years
Project 1- Establishment of legal / litigation support office	1) Improved operations. 2) Trade facilitation 3) Support in Provision of justice.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	\The risk will be determined and provided by the Respective Project Manager /Director.	Two intl Legal advisor & 4 local legal experts
Project 2- Establishment of support appeals and arbitration unit	1) Efficient and timely settlement of disputes. 2) Trade facilitation.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	TA Same as project 1 of program 6.
PROGRAM 7- Business partnership		1) The necessary Customs related information disseminated to all stake holders and trade. 2) Effective communication and Consultation with trade in making reforms policies. 3) Traders complaints and grievances heard and addressed through a defined mechanism. 4). Involving trade in all programs of Trade Facilitation.		

Project 1- Help Line and Media coordination Unit at ACD (HQ).	1) Improved operations. 2) Trade facilitation. 3) Clarifying the role of Customs to the people. 4) Dissemination of Customs related information. 5) Support in policy making.	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	I short term International Communication Advisor and 2 Local experts
Project 2- Web site development.	1) Improved operations. 2) Trade facilitation.. 3) Dissemination of Customs related information	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	. Asycuda National Team
Project 3- Establishment of an ombudsman program and increased capacity of consultative council (With Trade)	1) Effective communication with trade 2) Re-dressal of Complaints and problems. 3) Trade Facilitation	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	I short term Intl Advisor and 2 Local experts
Project 4- Establishment of hot line at ACD headquarter	Trade facilitation and redressal of complaints	The Project specific performance indicators for the specific Project will be provided by the respective Head of project Implementation team.	The risk will be determined and provided by the Respective Project Manager /Director.	Local Customs experts

ANNEX III

Stake Holders Role Analysis

Given the critical role that Afghanistan Customs Department plays in both the security and economic well-being of the country, ACD continues to be a focal point for government and donor interest. ACD has many complex relationships and underpinning all the reform processes is the need to manage successfully these relationships. The aim is to coordinate activity and develop a shared vision and common goals.

Many organizations have a legitimate relationship and role to play in the operation of customs. There are over 30 government ministries, departments, agencies, international organizations and security forces that will interact with customs at some point and all these relationships have to be managed effectively if the key goals of appropriate revenue collection and trade facilitation are to be achieved.

The following narrative is a more detailed explanation of each organization's roles and responsibilities of the major stakeholders and the impact they can have upon the successful implementation of the strategic plan.

The Officers and Staff of the ACD

The staff and officials working in ACD are the major stakeholders in the reforms of ACD. There is a strong need to not only train the officials for the challenging environment but to also make them understand the necessity of the reforms process. In the five-year plan, the objective is to improve the working efficiency of the staff, improve their wages, provide better living and working conditions, introduce a performance based reward system and to involve the maximum number of ACD officials in the design as well as implementation phase of reforms.

Afghan Government: (MOF,MOI,MOCI,DAB)

The Government has made a number of commitments in the Afghanistan Compact (AC), Interim-Afghanistan National Development Strategy (I-ANDS) international treaties which will have direct/indirect impact upon Afghan Customs Department.

It is essential that the MOF is fully committed to the ACD Strategic Plan, and the actions, activities, resources and staffing determined within the plan.

We recommend a written protocol be developed between the MoI and MoF (ACD) and disseminated widely through both organizations in order to achieve effective working relations. The role and responsibilities of Customs police and its administrative control also needs to be defined relative to the enforcement operations of the ACD mobile verification squads.

The role of the MoCI, as the leading public entity for economic and trade policy and trade facilitation will be crucial in relation to the actual tariff levels, private and public partnership investments at border sites, traffic flows, etc. A written protocol will aid the processes of trade facilitation and customs influence on trade policy, and will show a real commitment to working with the private sector.

There is a need that the Central Bank gets involved in the reforms process of ACD not only for effective reconciliation of money transfers but also for the future electronic transfers and record keeping of money depositing, transfers and reconciliation. A service level agreement between the central bank and ACD is conceived.

Afghanistan Chamber of Commerce and Industries, (ACCI), Afghanistan Investment Support Agency (AISA) and other Private Sector and Trader Representatives:

Consultation has taken place with leading representatives of the private sector and where possible their views have been incorporated within the strategic plan. The ACD recognizes that the trade community is a key stakeholder in the ACD reforms. Based on this there is a need to formulate a public/private joint committee where dialogue between customs and the private sector will take place. This could be facilitated by a new post of the formulation of a Customs Communications and Media Unit at the ACD head quarters whose key function will be to ensure appropriate liaison, consultation and communication with the private sector

The Donor Community

The continued support by the donor community will be contingent upon positive evidence of change, sustained revenue collection, reduction in illegal importation of goods etc. The vital nature of customs reform and management can be judged by the continued support of key donors such the Asian Development Bank, DFID, the European Commission, German Government, Italian Government, Iran Government, Japanese Government, U.S. Government (USAID), and the World Bank.

Customs reform has been a key part of international assistance for the past four years of international involvement in the country. Financial support has come from several donor agencies and countries during this time, under-girding virtually the entire program of infrastructure construction and ICT development, in addition to a broad program of technical assistance. The primary donors of Customs assistance are European Commission, USAID, and the World Bank.

Iran made a commitment in 2003 to build the customs facilities in Zarange and started with the construction of an operational building. Recently, they have agreed to build a complete customs facility at Mile 78, and Customs is preparing the detailed list of requirements based upon the construction experience with the European Commission.

The ADB, Germany and Japan are expecting to play a role in financial support in the coming years. From Japan, Customs has received the commitment and is presently considering the best allocation of funds. ADB has also shown an interest in Customs construction program and has proposed funding as well.

Additionally, the recent Border Management Initiative has also emphasised for availability of resources & physical infrastructure at key border locations.

Border Management Initiative

The Border Management Initiative (BMI) is a program that seeks to evaluate and integrate the activities of multiple players to conduct a coordinated approach to Border Management. Customs plays an integral role in strengthening the border and consequently its strategic goals and objectives are to align to those of BMI.

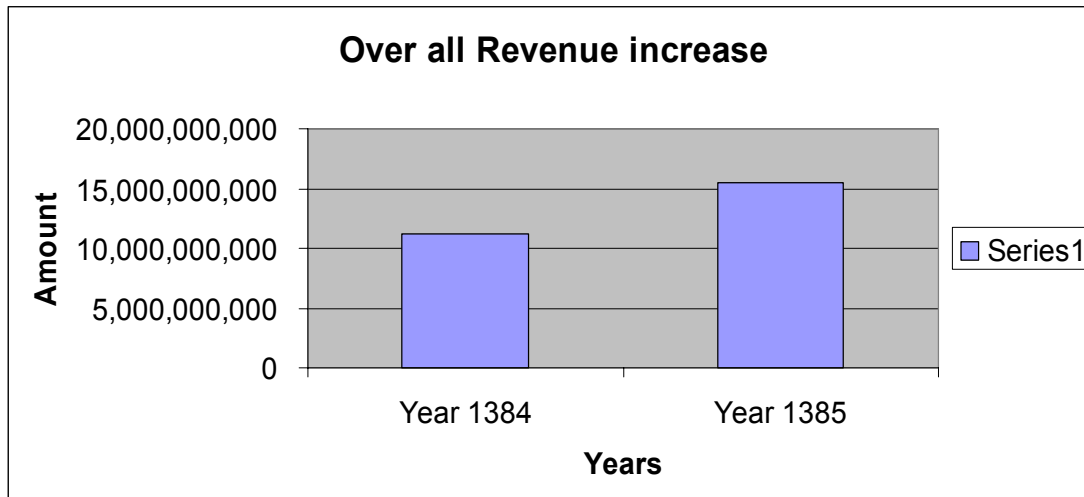
BMI seeks to establish effective and efficient Border Crossing Points, which correlate with the role of Customs at these border posts. The initiative by the BMI to succeed with the installation of a high profile inter-ministerial Steering Committee, “The Border Management Commission” is of benefit to the ACD. The ACD will be able to gain major advantages from this mechanism, since this would provide the ACD with the platform it needs to defend and promote its implementation plan for the coming years.

Annex IV Revenue Performance of ACD

Revenue Performance ACD 1384- 1385

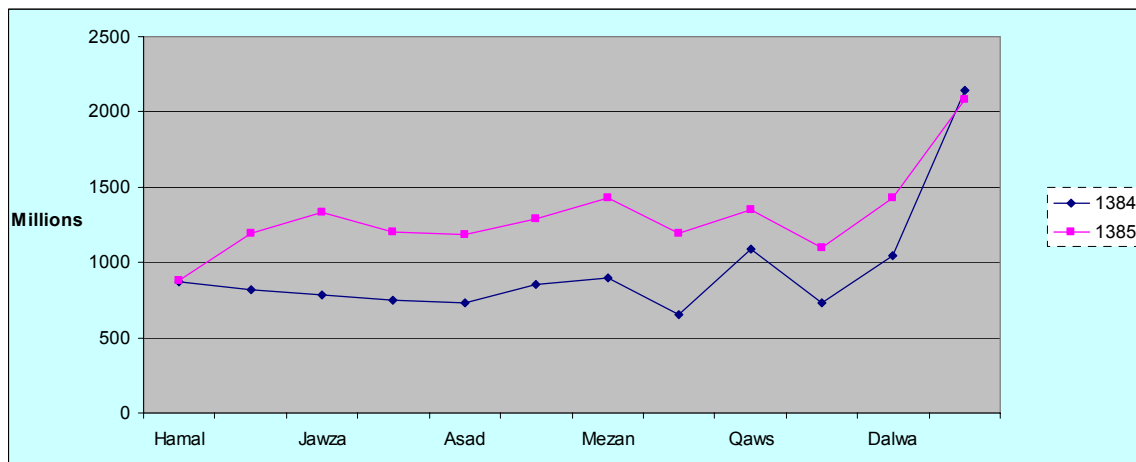
Year 1384	11,188,973,898	%age change
Year 1385	15,479,183,173	38.34%

Comparing revenues of the year 1385(March2006-March2007) with the year 1384 (March2005 -March 2006) it has increased by 38.34% which indicate good progress.



Year	Total	Hamal	Sawr	Jawza	Saratan	Asad
1385	15,479,183,173	865,163,119	1,181,435,252	1,321,657,386	1,189,659,944	1,170,600,694
1384	11,188,973,898	854,471,810	803,139,133	765,523,275	733,303,462	720,048,493
	38%	1%	47%	73%	62%	63%
Sunbola	Mezan	Aqrab	Qaws	Jadi	Dalwa	Hoot
1,276,374,190	1,405,968,780	1,175,641,657	1,328,197,514	1,083,991,927	1,410,796,523	2,069,696,187
840,314,817	877,364,293	642,022,749	1,070,065,929	721,811,985	1,035,086,165	2,125,821,787
52%	60%	83%	24%	50%	36%	-3%

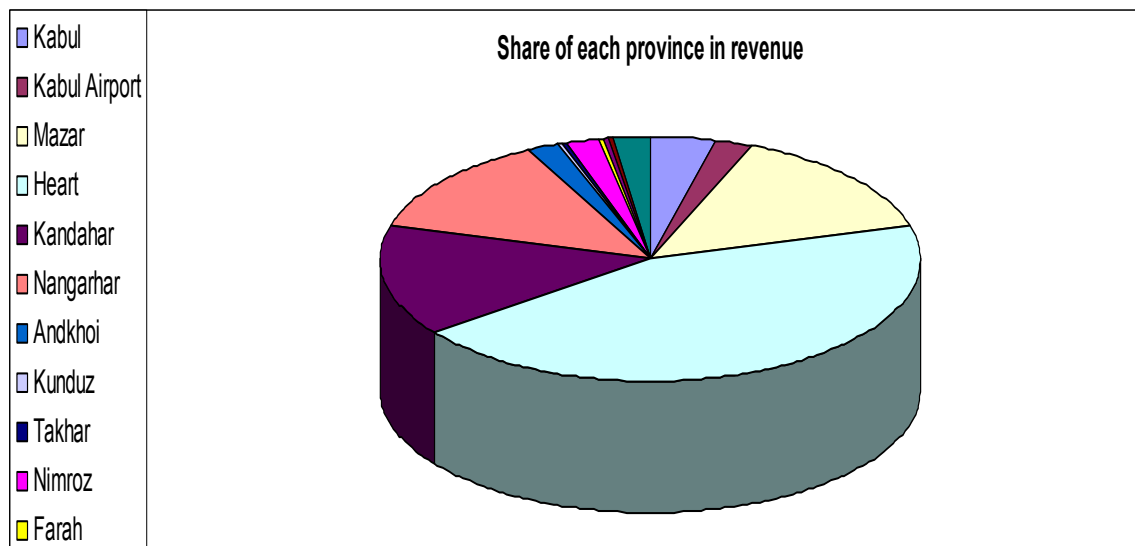
MONTHLY REVENUE PERFORMANCE COMPARISON 1384 TO 1385



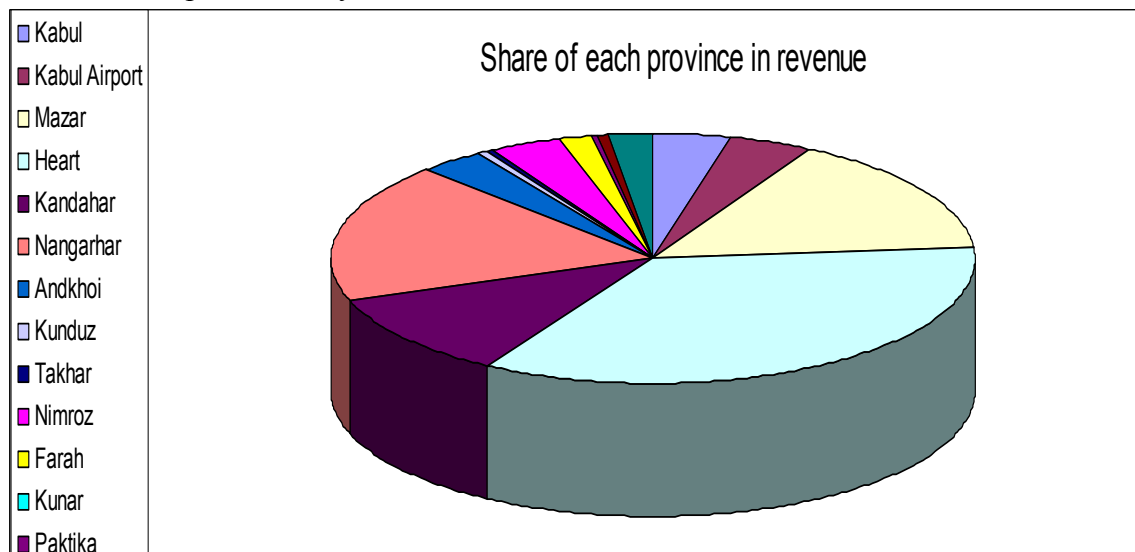
PROVINCIAL REVENUE PERFORMANCE COMPARISON 1384-85

Provinces	1384	1385	%Increase/decrease
Kabul	366,238,659	603,897,985	64.9%
Kabul Airport	229,183,978	616,377,671	168.9%
Kabul Post Parcel	125,872	370,860	194.6%
Mazar herat	1,481,088,216	2,366,129,601	59.8%
Kandahar	5,557,883,782	5,723,903,908	9.3%
Nangarhar	1,480,216,857	1,617,196,880	105.9%
Andkhoy	1,314,221,713	2,705,573,089	159.4%
Kunduz	189,260,328	490,940,141	95.1%
Takhar	40,479,360	78,994,008	76.8%
Nimroz	13,055,723	23,084,159	76.8%
Farah	203,673,877.00	564,835,680.00	177.3%
Kunar	36,040,446.00	242,998,091.00	574.2%
Paktika	1,796,560.00	3,591,755.00	99.9%
Paktia	16,182,237.00	27,463,164.00	69.7%
Khost	39,193,413.00	103,224,042.00	163.4%
Total	220,324,388.00	310,602,139.00	41.0%
Total	11,188,965,409	15,479,183,173	

Share of each province in Year 1384



Share of each province in year 1385



1386

Hamal	Sawar	Jawza	Saratan	Asad	Total
1,131,378,460	1,485,497,938	1,756,244,233	1,571,322,065	1,662,118,419	7,606,561,115

1385

Hamal	Sawar	Jawza	Saratan	Asad	Total
986,740,152.00	1,213,611,754.00	1,317,523,816.00	1,178,776,849.00	1,183,759,153.00	5,880,411,724.00

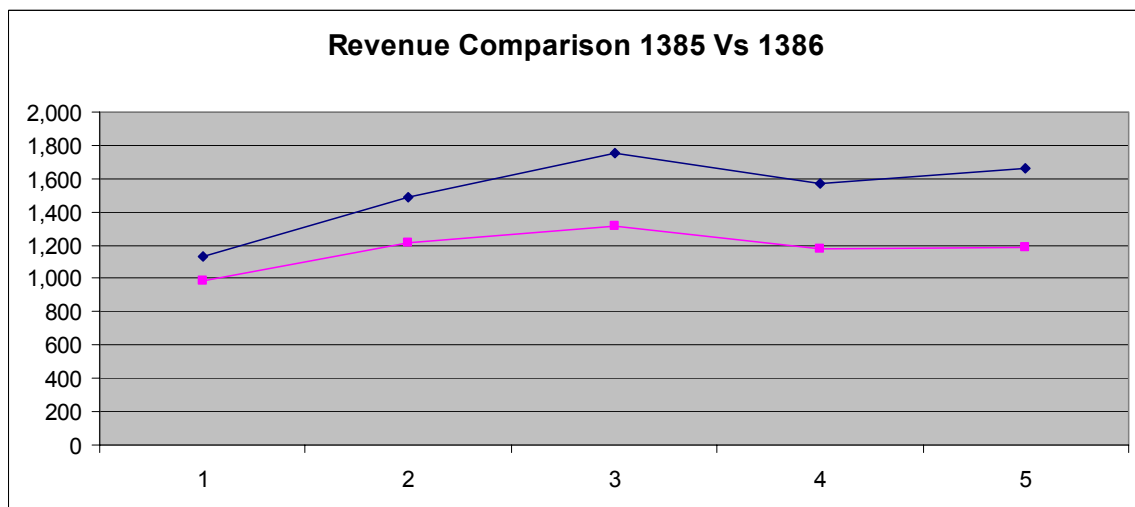
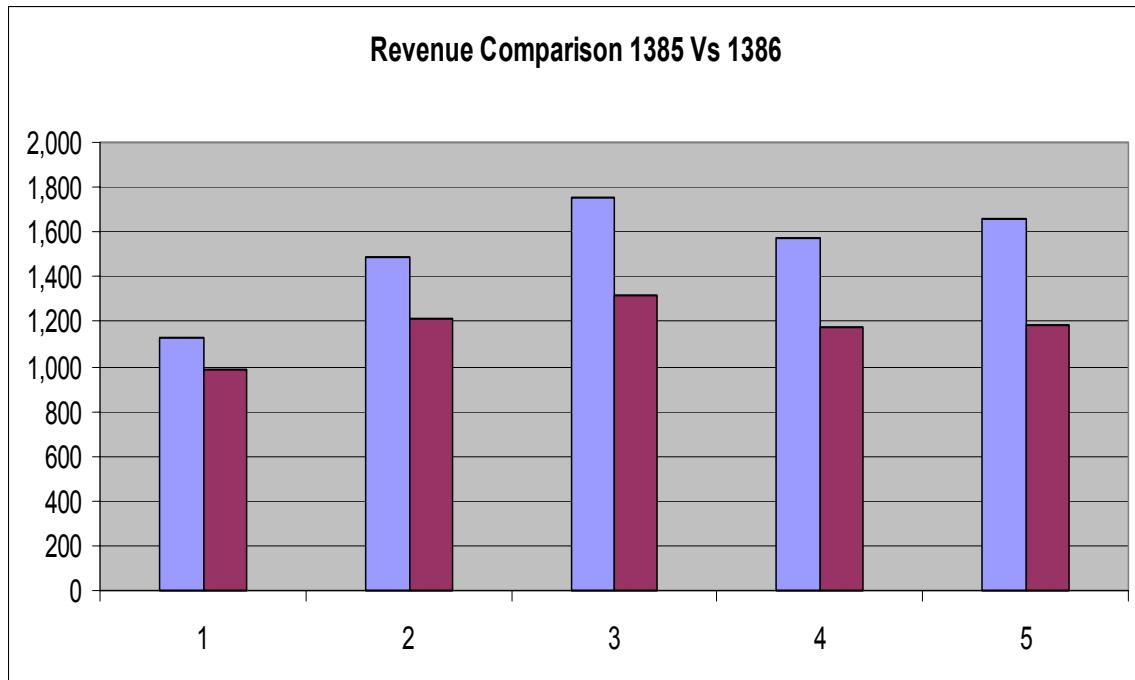
Percentage Increase

14.66	22.40	33.30	33.30	40.41	29
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Difference

144,638,308.00	271,886,184.00	438,720,417.00	392,545,216.00	478,359,266.00	1,726,149,391.00
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REVENUE PERFORMANCE OF FIRST FIVE MONTHS OF 1386 COMPARED WITH FIRST FIVE MONTHS OF 1385 SHOWS 30% INCREASE IN REVENUE



Percentage increase in revenue for the first five months of 1386.